



Approved: 05-19-09

KHPA Board Meeting April 21, 2009

MINUTES

Attending Via Conference Phone:

Rob Kaplan

Guests:

Mark Thompson, Project Director, Kansas Department of Education

Linda Sheppard, Director, Kansas Insurance Department.

Ex-Officio Members Absent:

Jason Eberhart-Phillips, Director of Health, KS Department of Health and Environment

Duane Goossen, Secretary, KS Department of Administration

Alexa Posny, Commissioner, KS Department of Education

Sandra Praeger, Commissioner, KS Insurance Department

Joe Tilghman, Board Chair

Board Chair Tilghman called the meeting to order.

The draft minutes from the March 17, 2009 Board meeting were reviewed.

ACTION: Motion was made, seconded and carried to approve the Board minutes as written.

Board Chair Tilghman reviewed with the Board the amendment made to the FY 2009 Legal Services Contract with Goodell, Stratton, Edmonds, and Palmer LLP.

ACTION: Motion was made, seconded and carried to amend the legal services contract between KHPA and Goodell, Stratton, Edmonds and Palmer, LLP to increase the amount for professional services during the period of July 1, 2008 to June 30, 2009 from \$25,000 to \$50,000.

Board Chair Tilghman reviewed the Agency Review Process, recommendations and timeline requested by the KHPA Joint Health Policy Oversight Committee that is being planned over the next year. Chair Tilghman pointed out that the Joint Oversight Committee has the exclusive responsibility to monitor and study the operations and decisions of KHPA. Kansas Health Institute will be facilitating this review and will advise KHPA of next steps.

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Ned Holland, Chair, Board Finance and Audit Committee

Mr. Holland advised that the Inspector General's position has been posted as of the first of April. A Review Committee will be developed to review copies of the applicants' qualifications and experience and provide feedback on applicants to the full Board. This Committee will be comprised of members of the Board Finance and Audit Committee as well as Human Capital and Compensation Committee. He reported that the new Inspector General should be on board by the end of this summer.

Dr. Marci Nielsen, Executive Director

Dr. Nielsen handed out a budget analysis of the FY 2009-2010 KHPA Operating Budget that shows a 10.61% cut to the agency (non-caseload) and reviewed with the Board the impact of these reductions to the agency. She stated that KHPA simply cannot make more cuts administratively without impacting services and/or impact our ability to oversee contracts. If additional cuts will be required by the legislature, the agency will be considering another alternative such as a reduction in healthcare provider reimbursement. Dr. Nielsen briefly reviewed the agency's Omnibus Budget Requests which included restoration of: a) Clearinghouse Capacity; b) Staffing Levels; and c) Fiscal Agent Funding for Provider and Customer Service.

Dr. Nielsen reviewed the minutes from the Health Information Technology for Economic and Clinical Health (HITECH) meeting held March 19th and explained that the main goal of this initiative is to obtain additional federal stimulus dollars that will allow Kansas providers accessibility to Health Information Technology/Exchange (HIT/HIE) funding. Related updates are distributed regularly to HITECH members, and next steps regarding funding for HITECH will be determined after the Omnibus session is complete.

Dr. Nielsen discussed the American Recovery and Reinvestment Act (ARRA) of 2009, with respect to the Medicaid dollars received by the State through the federal stimulus efforts. To date for FY 2009, a little less than one-third of the Medicaid ARRA funding was used to keep Medicaid "whole" and the rest has been used to help address the budget crisis in our State.

Rod Bremby, Secretary, Department of Health and Environment

Secretary Bremby reported on the budget situation at the Department of Health and Environment (KDHE). He reported that they are in consultation with the federal oversight committees regarding programs that they maybe able to take back from the State due to cuts in the KDHE budget.

Kathy Greenlee, Secretary, Department of Aging

Secretary Greenlee reported that the Department of Aging has not had any additional budget reductions beyond the Governor's recommendations. The budget committees are reluctant to make additional cuts because of the concern about jeopardizing the ARRA funding; 92% of the programs operated by Aging are Medicaid programs.

Don Jordan, Secretary, Department of Social and Rehabilitation Services

Secretary Jordan reported on the impact of the budget reductions on Kansas SRS. He reported that they have approximately 40-50% Medicaid programs and that these reductions have mainly been from the other programs. The operation structure of the agency will be reviewed if there are further cuts to come to see how they can do the same amount of work with fewer resources.

Dr. Andy Allison, Deputy Director

Dr. Allison reviewed the preliminary plans for expanding eligibility of the State Children's Health Insurance Program (SCHIP) (as authorized by 2009 legislature) and expansion of Medicaid coverage for Pregnant Women up to 200% FPL (as passed by 2008 Legislature). The KHPA Board endorsed the expansion of SCHIP to 250% of federal poverty level at the February Board meeting. In the last month the legislature discussed and approved

the \$1.2 million funding needed to expand coverage of SCHIP to 250% federal poverty level. Dr. Allison advised that, with this funding available to the agency, we will be able to implement the SCHIP expansion by January 1st. In February 2009 more than 39,000 children were enrolled in SCHIP and the expansion to 250% will lead to affordable health coverage for more than 9,000 uninsured children in Kansas. The legislature also approved the expansion of Medicaid coverage to pregnant women up to 200% federal poverty level but the administrative costs for this expansion were not immediately funded. Once the decision is made regarding the funding, implementation of the expansion can be expected early spring.

Dr. Allison spoke of the unprecedented increase in numbers of HealthWave applications currently being received due to the recent economic downturn; he presented the Board with a month-by-month comparison of HealthWave applications processed and/or reviewed at the Clearinghouse during 2006, 2007, 2008, through March 2009. The Board discussed the importance of appropriate staffing of the Clearinghouse in order to comply with Center for Medicare/Medicaid Services (CMS) regulations related to timely filing. Compliance with CMS rules/regulations is vital to maintaining ARRA funding for Kansas Medicaid. Dr. Allison reported to the Board that the FY 2009 third quarter is the first quarter where Kansas qualified for ARRA appropriations, based on an increase in the state unemployment rate. He also provided the Board with an analysis that compared amounts received by all 50 states.

Dr. Allison provided an update on the 2008 Medicaid Transformation Recommendations to the Board. A number of recommendations have been implemented or are at near-implementation stage; several have been delayed due to budget constraints. Progress is being made on the 12 program reviews for 2009 and recommendations from each completed review will be presented at the June Board Retreat. Mr. Holland commended the KHPA staff for their work on the Medicaid Transformation and Program Reviews.

Dr. Allison reported that the Mental Health Prescription Drug Advisory Committee will hold its initial meeting in June where they will discuss the committee's role, discuss action on 1st tier MediKan Preferred Drug List (PDL), and receive an update on drug safety issues. He advised of the intent for KHPA to proceed with FY 2010 planning for the Committee which would include the original proposal to: a) include the safety review component and b) include the preferred drug list (PDL) component for Medicaid mental health prescriptions.

ACTION: The Board discussed different options for the Committee and ultimately agreed that KHPA staff should move forward with the original proposal for the Advisory Committee. There will be more information provided at the June Board Retreat.

Dr. Marci Nielsen, Executive Director

Dr. Nielsen reviewed the bill tracking report with the Board and reported that restoration of administrative funding for Medicaid operations is currently a priority issue for the agency.

Doug Farmer, Director State Employee Health Benefit Plan

Mr. Farmer reported that the Health Care Commission (HCC) took final action on their plan design and rate increases for Plan Year (PY) 2010. They approved a 7.5% increase for employees and a 12.5% rate increase for the employer, based upon Plan A Blue Cross Blue Shield rates. Mr. Farmer also discussed the Tobacco Cessation program and the non-tobacco discounts for this year with the Board. He discussed the HealthQuest program and shared the Health Dialogs' contract performance standards. Mr. Farmer reported that the free health screenings for plan members through the HealthQuest program began March 30th and to date there have been 1,000 members screened at 9 events. A total of 6,000 members have scheduled health screenings. He advised that 2,600 notices have been sent to COBRA eligible former state employees, advising them of their ability to access subsidized COBRA benefits under the ARRA; there are about 350 who are eligible for the subsidy.

Scott Brunner, Chief Financial Officer

Mr. Brunner shared with the Board a memo that provided FY 2009 and FY 2010 Consensus Caseload estimates. Dr. Allison reviewed the projected changes in medical service expenditures and enrollment for FY 2009 and 2010 with the Board. There was Board discussion regarding caseload funding and the population estimates. Mr. Brunner reviewed the Consensus Revenue Estimates for Fiscal years 2009 and 2010, which predicts three years of negative revenue growth.

Joe Tilghman, Board Chair

ACTION: Motion was made to go into executive session to discuss a matter with legal counsel for a period of one (1) hour, seconded and carried. The executive session ended at the appointed time; the public meeting resumed; and the Board requested 20 more minutes.

ACTION: Motion was made to go into executive session for another 20 minutes to finish discussions, seconded and carried. The executive session ended at the appointed time; the public meeting resumed; and the Board requested 10 more minutes.

ACTION: Motion was made to go into executive session to finish their earlier discussions, seconded and carried. The executive session ended at the appointed time; and the Board meeting resumed in open meeting.

Scott Brunner, Chief Financial Officer

Mr. Brunner reviewed the FY 2009 Expenditure report through March 31, 2009 with the Board and discussed the additional column which reflects the stimulus funding received. He also reviewed the expenditure report for the State Employee Health Benefit Program.

Dr. Marci Nielsen, Executive Director and Joe Tilghman, Board Chair

Dr. Nielsen and Mr. Tilghman reviewed the proposed agency budget reductions with the Board in regards to staffing, layoffs and furloughs. They provided an overview of the preliminary planning and process for implementing staff reductions. KHPA is considering all options at this point and does not expect to take action until the Omnibus budget is completed and the session is done. Dr. Nielsen reviewed an outline of agency reductions that were required for the rescission bill compared with the mega bill. Agency contractors have been notified of the budget situation but no decisions regarding contract reductions or staff reductions will be made until after the Omnibus budget is completed.

Joe Tilghman, Board Chair

Mr. Tilghman discussed the possibility of a half day Board meeting late in May to finish discussions about the budget. He also reminded the Board of the upcoming Board retreat in June. There were no Public Comments received. Meeting was adjourned.